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MACROECONOMIC POLICY QUESTIONS: FINANCING OF DEVELOPMENT

Draft resolution submitted by the Vice-Chairman of the Committee, Mr. Max Stadthagen (Nicaragua), on the basis of informal consultations held on draft resolution A/C.2/50/L.6

Global financial integration: challenges and opportunities

The General Assembly,

Reaffirming its resolutions S-18/3 of 1 May 1990, the annex of which contains the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and 45/199 of 21 December 1990, entitled "International Development Strategy for the Fourth United Nations Development Decade", the annex to which contains the International Development Strategy for the Fourth United Nations Development Decade, and the Cartagena Commitment, 1/ adopted by the United Nations Conference on Trade and Development at its eighth session,

Recalling its resolution 49/93 of 19 December 1994 on net flows and transfer of resources between developing and developed countries,

Stressing the importance at the national level in the countries concerned of a favourable climate for private financial flows, sound macroeconomic policies and appropriate functioning of markets,

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1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

Recognizing that the international community should continue to give strong support to the efforts of the developing countries to solve their grave economic and social problems as well as to promote a favourable climate for private financial flows through the creation of a favourable international economic environment,

Noting with satisfaction that the process of economic growth, in a number of developing countries, has been positively affected by the recent increase in international private capital flows,

Commending continuing efforts made by developing countries to create a more favourable national framework and stressing that a considerable number of developing countries, in particular the least developed countries, especially in Africa, have not benefited from the aforementioned capital flows,

Expressing concern, within such a context, at the decline in the last years in the overall level of official development assistance to developing countries,

Expressing concern also that a significant number of developing countries have become more vulnerable, in the course of liberalizing their external economic and financial regimes, to the volatile fluctuations of private capital flows in international financial markets,

Noting the necessity for promoting the creation of favourable conditions for achieving international stability in private capital flows and for preventing the destabilization arising from swift movements of private capital flows, in order, inter alia, to enhance development, in particular of developing countries,

Aware of the role of the International Monetary Fund in the promotion of a stable international financial environment conducive to economic growth and taking into account the strengthening of the cooperative relationship between the United Nations and the Fund,

1. Stresses that global financial integration presents new challenges and opportunities for the international community and that it should constitute a very important element of the dialogue between the United Nations system and the Bretton Woods institutions;

2. Underscores the need for encouragement of private flows to all countries, in particular to developing countries, especially long-term flows, while reducing the risks of volatility;

3. Recognizes that, in a globalized world, sound fiscal and monetary policy in each country is among the elements essential in preventing crises relating to capital flows;

4. Emphasizes the need to explore ways to broaden appropriate enhanced cooperation and where appropriate, coordination of macroeconomic policy among interested countries, monetary and financial authorities and institutions, so as to enhance preventive consultation arrangements between such institutions as a means of promoting a stable international financial environment conducive to

economic growth, particularly in developing countries, taking into account the needs of developing countries as well as situations that may have a significant impact upon the international financial system;

5. Reiterates the need for broadening and strengthening the participation of developing countries in the international economic decision-making process;

6. Welcomes the steps taken by the International Monetary Fund and recognizes the need for a stronger and central role for the Fund in surveillance of all countries, in a symmetrical manner, in accordance with paragraph 4 of the communiqué of the Interim Committee of the Board of Governors of the Fund, dated 26 April 1995, with regard to potential sources of destabilization of capital markets with a view to promoting transparency and stability in international financial markets and promoting economic growth, such surveillance presupposing/including, among other elements, the regular and timely provision of economic and financial data;

7. Reaffirms the objective of promoting greater transparency and openness, including increasing participation of developing countries in the work of the International Monetary Fund, this objective also involving, among other elements, the regular and timely provision of economic and financial data by all Fund members;

8. Requests the Secretary-General to report to the General Assembly, at its fifty-first session, in cooperation with the Bretton Woods institutions and the United Nations Conference on Trade and Development, on the implementation of the present resolution.

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